

**STATEMENT
OF
SENATOR DANIEL K. INOUE
CHAIRMAN
COMMITTEE ON INDIAN AFFAIRS
BEFORE THE
FEBRUARY 26, 2002
OVERSIGHT HEARING
ON THE
MANAGEMENT OF INDIAN TRUST FUNDS**

The Committee meets this morning to receive testimony on one important aspect of the Federal-Indian trust relationship – the management of Indian trust funds.

The term “trust” is used in a variety of contexts.

The United States Supreme Court has found that the treaties with Indian Nations and the course of dealings between the United States and Indian tribal governments gives rise to the Federal-Indian trust relationship.

It is also commonly understood and accepted that the United States has assumed a trust responsibility for Indian lands and resources.

There are trust functions performed by various agencies of the United States government.

There are trust assets and trust resources and trust funds.

These terms are sometimes used interchangeably, yet they each have distinct meanings and legal implications.

So we have called upon two highly regarded professors of Federal-Indian law to begin our hearing today and to address the nature of the United States trust relationship with the sovereign governments of

Indian Country.

We are seeking an understanding of how this trust relationship and the United States' trust responsibilities relate to the standards that apply to the government's management of individual and tribal trust funds.

We have also asked an attorney who has expertise in the manner in which private trusts are administered by financial institutions to help us understand what other standards may be brought to bear on the management of Indian trust funds.

Beginning in 1978, this committee has called upon the General Accounting Office (GAO) to assess the challenges and systemic problems associated with the government's management of individual Indian and tribal trust funds.

The GAO reports issued over that time have repeatedly recommended that before any action is taken to reform the trust funds management system, there should be a comprehensive assessment of the needs the system must be designed to serve, the kinds of information that the system must have the capacity to maintain and the update, as well as the services that are to be provided to trust fund beneficiaries.

The Committee assumes that this kind of comprehensive assessment was undertaken in the formulation of the Secretary Norton proposal to establish a new organizational structure for the management of Indian trust funds, trust assets and trust resources.

Although a process of consultation with tribal governments was initiated by the Interior Department to discuss the Secretary's proposal, there are Members of this Committee and likely many other Members of the Congress, who have not had the benefit of briefings on the proposal, and who, thus, are eager to know more about what operating assumptions, fundamental principles, and what objectives went into the development of the Secretary's proposal.

While the Committee appreciates the sensitivity on the part of Interior Department officials to the fact that other proposals are now the subject of joint review by the Tribal Task Force and the Department, and the Department's desire not to appear to be advocating for the Congress' approval of the Secretary's plan, the Department has agreed to respond to questions the Members have on Secretary Norton's proposal.